UNITED STATES DISTRICT (OF NEW YORK	
North Star Reinsurance Corporation,		08 Civ. 02380 (DAB)
- against -	Plaintiff,	AFFIDAVIT FOR DEFAULT JUDGMENT AND STATEMENT OF DAMAGES
Harel Insurance Company f/k/a Zion Insurance CompLimited	pany	
	Defendant,	· -x
State of New Jersey)		
County of Essex		

Mark D. Hoerrner, being duly sworn, deposes and states:

- 1. I am a member of the Bar of this Court and am a shareholder with the firm of Budd Larner, P.C., attorneys for plaintiff in the above-entitled action and I am familiar with all the facts and circumstances in this action.
- 2. I make this affidavit pursuant to Rule 55.1 and 55.2(b) of the Civil Rules for the Southern District of New York, in support of plaintiff's application for entry of a default judgment against defendant.
- 3. Jurisdiction of the subject matter of this action is based on 28 U.S.C. §1332 because there is diversity of citizenship among the parties and the amount in controversy exceeds \$75,000.
- 4. This is an action to recover a sum certain owed by defendant to plaintiff for unpaid balances of the Final Award of the arbitration panel. Attached hereto as exhibit A is a true and correct copy of the Final Award dated April 4, 2007.

- 5. This action was commenced on March 7, 2008 by the filing of a summons. Attached hereto as exhibit B is a true and correct copy of the summons dated March 7, 2008.
- 6. A copy of the summons was served on defendant on March 10, 2008 by personal service on Mendes and Mount who, pursuant to the contract between the parties, is defendant's agent for service of process. Service was made by personal delivery, and proof of service by the Special Process Server was filed. Attached hereto as exhibit C is a true and correct copy of the Affidavit of Service dated March 17, 2008.
- 7. The defendant has not answered the complaint and the time for the defendant to answer the complaint has expired. Attached hereto as exhibit D is a true and correct copy of the Petition to Confirm the Arbitration Award dated March 5, 2008.
- 8. The default of Zion was noted by the Clerk on June 5, 2008. Attached hereto as exhibit E is a true and correct copy of the Clerk's Certificate dated June 5, 2008.
- 9. Under the Final Award of the arbitrator Zion was ordered to pay North Star \$224,615.34. This total amount is the sum of (a) \$152,439.44 for amounts billed and outstanding under the Treaties at January 21, 2007; and (b) \$57,175.90 for interest accrued on the balances through December 20, 2006; and (c) \$15,000 for costs associated with bringing the arbitration.
- 10. The Final Award ordered that North Star would advise defendant of its share of reserves under the treaties as at December 31, 2006 and that defendant would be required to conform to the terms of an existing Letter of Credit to Article XI of the Treaties with regard to its share of North Star's reserves, as of the time of the Final Award and in the future. As of June 30, 2008, the share of defendant's reserves is \$29,925.

- 11. In the event defendant did not make the required payments, the Final Award authorized North Star to draw down a provided a Letter of Credit in the amount of \$172,470. Because of defendant's complete failure to pay the Award, North Star drew down the full amount of the Letter of Credit. Accordingly, there is currently no letter of credit issued for the benefit of North Star.
- 12. The Final Award grants North Star interest on any outstanding amounts at the compounded at a rate of 9% per annum.
- 13. The Final Award orders that all of Zion's obligations under the treaties remain in full force and effect. Zion is ordered to pay all future billings under the treaties within 30 days of receipt from either North Star or the broker. Amounts not paid by the 30th day shall accrue interest at the compounded rate of 9% per annum from the 31st day forward.
- 14. This action seeks judgment for the amount of \$68,604.04, which is calculated as follows: (a) \$56,450.58, which represents the difference between the total amount required in paragraph 2 of the Final Award (\$224,615.34) and the drawn Letter of Credit (\$172,470) equal to \$52,145.34, plus interest in the amount of \$4,305.24; and (b) \$12,153.46 which represents \$11,538.65 in billings submitted by plaintiff in the time since the award in this matter, plus interest at the compounded rate of 9% per annum equal to \$614.81.
- 15. This action also seeks judgment requiring Zion to post \$29,925 in security for its share of North Star's reserves for losses as per the Final Award of the arbitration panel, which is justly due and owing.
- 16. This action also seeks judgment requiring Zion to pay all future billings within 30 days of receipt from the broker or North Star.

- 17. Future billings not paid within 30 days will begin to accrue interest at the compounded rate of 9% per annum.
- 18. Defendants should pay reasonable attorney's fees in the amount of \$15,520.50 for costs associated with enforcing the Final Award.
- 19. The disbursements sought to be taxed have been made in this action or will necessarily be made herein.

WHEREFORE, plaintiff requests the entry of Default and the entry of the annexed Judgment against defendant.

Dated: Short Hills, New Jersey July 16, 2008

> BUDD LARNER, P.C. 150 John F. Kennedy Parkway Short Hills, NJ 07078-2703 (973) 379-4800 (phone) mhoerrner@budd-larner.com (e-mail)

Attorneys for North Star Reinsurance

Corporation

Mark D. Hoermer

Sworn to before me this_

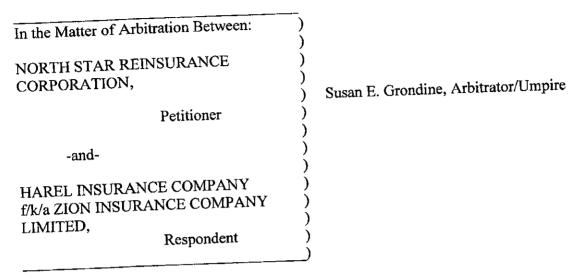
Notary Public

ROSEMARY A. BONOCORE NOTARY PUBLIC OF NEW JERSEY My Commission Expires March 8, 2009

w.678331

Day of

EXHIBIT A



FINAL AWARD

In the Matter of Arbitration between North Star Reinsurance Corporation ("North Star") and Harel Insurance Company f/k/a, and successor-in-interest to, Zion Insurance Company Limited ("Harel"), a hearing was held in New York City, NY pursuant to an agreement of the Parties and by contracts known as the First and Second Excess of Loss Reinsurance Treaties ("Treaties"). Considering all of the documentary and testimonial evidence presented during the full course of this Arbitration and hearing the arguments of the Parties by their representatives, I hereby rule as follows:

- 1. The Treaties are valid and enforceable and bind Harel to a .05% share as described in the Addendum 1 and Addendum 5 of the Treaties.
- On or before May 4, 2007 Harel is ordered to pay North Star the following sums (USD):
 - A. \$152,439.44 for amounts billed and outstanding under the Treaties at January 21, 2007;
 - B. \$57,175.90 for interest accrued on the balances through December 20, 2006;
 - C. \$15,000.00 for costs associated with bringing this Arbitration.
- 3. On or before May 15, 2007, North Star shall advise Harel of its share of reserves under the Treaties as at December 31, 2006.

- 4. On or before May 31, 2007 Harel is ordered to conform to the terms of the Letter of Credit Article XI of the Treaties with regard to its share of North Star's reserves, now and in the future. For the avoiding doubt Harel shall use one of the banks on the list attached hereto as Appendix A if a letter of credit is used to secure the reserves.
- 5. Upon confirmation to the Arbitrator that payment has been made pursuant to paragraph 2, and that either a funds held account or fully compliant contract LOC has been established pursuant to paragraph 3, the original letter of combined credit dated December 20, 2006 ("Letter of Credit") will be returned to Harel for cancellation.
- 6. In the event that Harel does not make the required payments or fund its share of reserves as set forth in paragraphs 2 and 3 above, then the Arbitrator will provide North Star with the Letter of Credit and hereby authorizes North Star to immediately draw down the full amount of \$172,470.
- 7. Any outstanding amounts will accrue interest at the compounded rate of 9% per annum.
- 8. Harel's obligations under the Treaties remain in full force and effect going forward. Harel is ordered to pay all future billings under the Treaties within 30 days of receipt from the London broker and/or North Star.
- 9. Any amounts not paid by the 30th day shall accrue interest at the compounded rate of 9% per annum from the 31st day forward.
- 10. Harel shall retain all rights under the Treaties including, but not limited to, the inspection of records. Should Harel wish to invoke this right, its account must be current at the time of its request. At any and all reasonable times, North Star shall then allow Harel, and or it's duly appointed representatives, to perform such inspection.
- 11. All other demands and requests by the parties for relief are specifically denied.

12. The Arbitrator retains jurisdiction in this matter in order to effectuate the ultimate disposition of the Letter of Credit as described above. Once the Letter of Credit has been returned to either of the Parties, the Arbitrator shall relinquish such jurisdiction.

Ordered and submitted to the Parties and their respective counsel:

Susan E. Grondine Susan E. Grondine

APPENDIX A

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Section 12. List of Banks

Explanatory Note: State insu -- regulators and misurance companies may use this list for an Purpose of the purposes discussed in Part Ten of this Manual (Creation and Maintenance of Bank List).

A specific banking entity must apply to be listed only once. This means that an insurance company A specific patients with: (i) a listed domestic parent bank entity, and any of its unlisted domestic branches; (ii) a liste domestic branch of a domestic parent bank entity, the unlisted domestic parent bank entity and any other comesor or area. I hanches of the same domestic parent bank entity; and (iii) a listed U.S. branch of a foreign bank entity and any other unlisted U.S. branches of the same foreign parent bank entity.* Notwithstanding the above, any entity related to a domestic listed entity (i.e. parent or branch) may apply to be listed independently.

Any domestic parent bank entity, in domestic branches and U.S. branches of a foreign parent bank entity wit any comescie person come that wants to be listed must apply to the SVO. The procedure for being placed o this list is described in Part Ten, Section 3 of this Manual.

*This policy only applies to banks that share the same legal identity. Banking entities that share the same o similar names but that are separately chartered, and bank subsidiaries, that want to be listed, must apply individually.

Bank Name

ANZ Banking Group, Ltd. AgStar Financial Services, ACA Alliance Bank of Arizona Allied Irish Bank Allstate Bank AmSouth Bank American National Bank Anchor Bank Heritage N.A. Arthur State Bank Associated Bank, N.A. BNP Paribas BancFirst Banca lutesa Banca Nazionale dei Lavoro SpA Banca di Roma S.p.A. Banco Bilbao Vizcaya Argentaria Banco Santander Canual Hispano Bank of Agriculture & Commerce Bank of Albuquerque, N.A. Bank of America, N.A. Bank of Arizona, N.A. Bank of Arkansas, N.A. Bank of Hawaii

City/State New York, NY Mankato, MN Phoenix, AZ

New York, NY Vernon Hills, II. Birmingham, AL Cheyenne, WY North Saint Paul, MN Union, SC Green Bay, Wi New York, NY Oklahoma City, OK New York, NY New York, NY New York Branch New York, NY New York, NY Stockton, CA Alboquerque, NM Los Angeles, CA Phoenix, AZ Fayetleville, AR

Country Australia

USA AEU Ireland USA USA USA USA USA USA France USA Italy Italy Italy Spain Spain USA ARU USA USA USA USA

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Honolulu, HI

July 1. 2006

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N A	Strasburg, PA	Canada
Bank of Lancaster County, N.A.	Chicago, L.	USA
	Tulsa, OK	U.K.
Bark of Oktahoma, 1432	New York, NY	USA
national series of the series	Stockton, CA	USA
The of Stockson	Dalles, TX	Japan
Bank of Texas, N.A. Bank of Tokyo-Mitsohishi UFI Trust Company	New York, NY	USA
Dealt of Tokyo-Mitsohishi UP 1 1184	Los Angeles, CA	USA
	Des Moines, IA	United Kingdom
- · Total CXIII	New York, NY	Germany
Barckays Bank PLC Barckays Bank PLC Veseinsbank, A.G.	New York, NY	Germany
	New York, NY	USA
Bayerische Landesbank Bayerische Landesbank Bank	Columbia, MO	USA
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The state of the s	New York, NY	USA
Branch Banking and Think & Company Brown Brothers Harriman & Company Brown Brothers Harriman Trust Company, LLC	New York, NY	USA
	Los Angeles, CA	France
California Bank & Trust	New York, NY	Canada
Column Commerce	New York, NY	USA
Canadian Imperial Bank of Commerce	New Orleans, LA	USA
	Greatville, SC	USA
Carolina First Date	Danville, AR	USA
- Perk	Cleveland, OH	AZU
	Chester, IL Burtington, VT	UBA
	Nambers, A.	USA
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4. 31 4	Manchester, NEI	USA
Chisms Bank (Delaware)	New London, CT	USA
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Cinizens Bank or Killer	Maplewood, MO	USA
Citizens Bank, N.A. Citizens National Bank of Greater St Louis	Beverly Hills, CA	USA
ruderen Netional Paris	Greenwood Village, CO	USA
City National Bank	Denver, CO	USA
CoBank, ACB	Montgomery, AL	USA
CoBiz Bank, NA Colonial Bank National Association Colonial Bank National Association	Denver, CO	USA
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Colorado State Bank at Trust Company Columbia Bank and Trust Company	Cherry Hill, NI	USA
	Karisas City, MO	usa
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Switzerland New York Branch Switzerland The Caymen Islands Branch LISA Degvers, MA USA Jersey City, NJ Norway New York, NY Germany New York, NY USA San Marino, CA ARTI San Marino, CA AZU Lakeland, FL ASU Des Moines, 1A USA Cincinnati, OH USA St. Louis, MO USA Raleigh, NC USA Honolulu, HI USA Sheridan, WY ARU Scottsdale, AZ USA Fort Smith, AR. AEU Reso, NV USA Downcare, PA ARU San Francisco, CA AEU Durant, OK USA San Antonio, TX USA Lancaster, PA USA Salt Lake City, UT USA Gainerville, GA USA San Francisco, CA USA Austin, TX USA Buffalo, NY Germany New York, NY ASU Chicago, IL USA Columbus, OH LISA Lafayette, LA USA Brooklyn, NY USA Wichita, KS Belgium New York, NY ARU Cleveland, OH USA Troy, MI ARU Chicago, IL Germany New York, NY Gennany New York, NY USA Wilmington, DE United Kingdom New York, NY USA Milwaukee, WI USA Buffalo, NY USA Pittsburgh, PA USA Orlando, FL ARU Salt Lake City, Utah USA Millersburg, PA

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Japan

Mizziko Corporate Bank USA Mozgan Stanley Bank Morton Community Bank Nateria Banqua National Australia Bank Ltd. National Bank of Canada National City Bank National Penn Bank Norddenische Landestenk Girozentrale Nordea Bank Finland Pic. North Fork Bank Oxford Bank and Trust PNC Benk, National Association Pacific Capital Bank N.A. Pacific Continental Bank Penn Security Bank and Trust Company Prosperity Bank RBC Coutors Bank Rabobenk International Regions Bank Republic Bank & Trust Company RiverHills Bank Royal Bank of Canada Royal Bank of Scotland Plc. S&T Bank SANPAOLO DAI S.P.A. Security State Bank of Hibbing Signature Benk Silicon Valley Bank Sky Benk Societe Generale Southern Bank and Trust Company Sovereign Bank, FSB Standard Chartered Bank State Bank & Trust State Street Bank and Trust Company Sterling Bank Sumitomo Mitsul Banking Corp. Sumult Bank, N.A. SunTrust Banks, Inc. Svenska Handelsbanken AB Synovus Bank of Tampa Bay TD BankNorth, N.A. Texas Capital Bank, NA The Bank of New York The Bank of Tokyo-Mitsubishi UFI, Lid. The Bank/First Cluzens Bank The Dime Bank

New York, NY West Valley City, UT Morton, IL New York, NY New York, NY New York, NY Cleveland, OH Boyertown, PA New York, NY New York, NY Melville, NY Addison, IL Pittsburgh, PA Santa Barbers, CA Eugene, OR Screnton, P.A. El Campo, TX Charlotte, NC New York, NY Montgomery, AL Louisville, KY Vicio burg, MS New York, NY New York, NY Indiana, PA New York, NY Hibbing MN New York, NY Santa Clare, CA Salineville, OH New York, NY Mount Olive, NC Boston, MA New York, NY Fargo, ND Borton, MA Houston, TX New York, NY Fort Worth, TX Atlanta, GA New York, NY St. Petersburg, FL Montpelier, VT Dallas, TX New York, NY New York, NY Cleveland, TN Honesdale, PA

USA USA France Australia Canada USA USA George Finland USA USA USA. USA USA AEU AZU Canada Netherland ARU ARU ARTI Canadi United Kingdom USA Italy USA USA USA USA France USA USA United Kingdom AZU USA USA Japan USA USA Sweden USA USA USA USA Japan **USA**

USA

July 1, 2004

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Union Bank of Commercial Bank United Commercial Bank	
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United States Trust Corporation W.T.B. Financial Corporation W.T.B. Bank, N.A.	•
W.T.B. Pillamk, N.A. Wachovin Bank, N.A.	
Webster Bank, N.A.	
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Wells Fargo Bank Wells Fargo Bank Alaska	
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	USA
Julea, OK	USA
iron Mountain, MI	USA
Huntington, NY	USA
Arcadia, FL	ASU
Mars, PA	USA
Walnut Crock, CA	USA
Indianapolis, IN	USA
Columbia, ME	ABU
Chicago, IL	Japon
New York Agency	USA
Wichita, KS	Canada
New York, NY	AEU
Technon, MS	USA
Cales Parel, MAN	USA
Kansal City, No.	USA
marketel OK	USA
San Francisco, CA	USA
San Francisco, CA	USA
Chatharil, il-	USA
New York, NY	USA
Spokane, WA	USA
Winston-Salom, NC	USA
Hartford, CT	USA
San Prancisco, CA	USA
Anchorage, AK	USA
Wilsonville, OR	USA
Lombard, IL	German
New York, NY	USA
Sulsun City, CA	USA Anstra
Westfield, MA	USA
New York, NY	ABU
New Orleans, LA	USA
Wilmington, DE	usn.
Salt Lake City, UT	
	•

"Banks which were previously on the list but which have not paid the required \$220.00 annual maintenance fee have been removed from the list. July 1, 2006

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Zions First National Bunk

EXHIBIT B

AO 440 (Rev. 10/93) Summons in a Civil Action

BATTS Southern

UNITED STATES DISTRICT COURT

District of

New York

North Star Reinsurance Corporation

SUMMONS IN A CIVIL CASE

V.

Harel Insurance Company f/k/a Zion Insurance Company Limited

CASE NUMBER:

08 CV 02380

TO: (Name and address of Defendant)

Harel Insurance Company f/k/a Zion Insurance Company Limited 3 Abba Hillel Street, P.O.B. 1951 Ramat Gan, Israel 52118

YOU ARE HEREBY SUMMONED and required to serve upon PLAINTIFF'S ATTORNEY (name and address)

Joseph J. Schiavone, Esq. Budd Larner, P.C. 150 John F. Kennedy Parkway Short Hills, New Jersey 07078 Attorneys for Petitioner North Star Reinsurance Corporation

answer to the complaint which is herewith served upon you, within twenty (20) days after service of this mmons upon you, exclusive of the day of service. If you fail to do so, judgment by default will be taken against you r the relief demanded in the complaint. You must also file your answer with the Clerk of this Court within a asonable period of time after service.

J. MICHAEL McMAHON

MAR 0 7 2008

ERK

DATE

A DEBLITY OF ED

O 440 (F	Rev. 10/93) Summons i	n a Civil Action			<u> </u>	
			RETURN OF S	ERVICE		
ervice of	f the Summons and co	omplaint was made	by me ⁽¹⁾ DATE			
ME OF S	ERVER (PRINT)		TITLE			
		-				
Check	k one box below	to indicate ap	propriate method of s	ervice	\\.	-
	Served personally	upon the defendan	t. Place where served:			
0	discretion then res	iding therein.	dwelling house or usual pl		erson of suitable age a	nd
	Name of person w	ith whom the sum	nons and complaint were le	ft:		
0	Returned unexecut	ed:				
0	Other (specify):					
			STATEMENT OF S	ERVICE FEES	TOTAL	
AVEL		55	RVICES	·	TOTAL	
			DECLARATION (OF SERVER		
	I declare un ontained in the Retu	der penalty of perj m of Service and S	ury under the laws of the U Statement of Service Fees is Signature of Server	nited States of Ameri true and correct.	ca that the foregoing in	nformation
			Address of Server			

EXHIBIT C

United States District Court Of New York	
Southern District	Docket Number 08 CV 02380
North Star	
Vs	Affidavit of Service
Zion	
State Of New York	

I Melvin Westreich delivered a Summons, Notice of Petition to Confirm Arbitration Award, Petition to Confirm Arbitration Award, Notice of Motion to File Under Seal Confidential Exhibits to the Declaration of Joseph J. Schiavone, Declaration of Joseph J. Schiavone in Support of Petition to Confirm and Motion to Seal, Memorandum of Law in Support of Petition to Confirm Arbitration Award and Motion to Seal, Order to Seal, Declaration of Robert Edgeworth in Support of Motion for Leave to File Under Seal Confidential Exhibits to the declaration of Joseph J. Schiavone, Notice of Lodging Confidential Documents with Court and Rule 7.1 Disclosure. This was served on Monday, March 10, 2008 on Mendes and Mount 750 7th Avenue New York. I was not allowed upstairs in the building and was told I must serve it in the mail room. Ed Murray from the mail room accepted at 2:15pm.

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements are willfully false, I am subject to punishment.

Was at the time of service a competent adult Not having a direct interest in the litigation.

I deplare under penalty of perjury that the foregoing

Statement is trug

Signature of Process Server

Deta

Sworn to on this 17 day of March, 2008

Notary Signature

JOSEPH L. HOAN NOTARY PUBLIC OF NEVY JERSEY My Commission Expires Aug. 3, 2008

EXHIBIT D

UNITED	SI	TATES	DIST	RIC	CT C	OURT
SOUTHER	RΝ	DISTE	RICT	OF	NEW	YORK

In the Matter of the Arbitration Between:

: Docket No.

NORTH STAR REINSURANCE CORPORATION,

: PETITION TO CONFIRM

Petitioner, : ARBITRATION AWARD

-against-

HAREL INSURANCE COMPANY f/k/a ZION INSURANCE COMPANY LIMITED,

Respondent: :

Petitioner North Star Reinsurance Corporation ("North Star"), by and through its attorneys, Budd Larner, P.C., alleges as follows:

Nature of the Petition

- 1. This is a Petition pursuant to 9 U.S.C. §§9 and 201-203 to confirm a Final Award issued on April 4, 2007 in a reinsurance arbitration between the parties entitled "In the Matter of the Arbitration Between North Star, Petitioner, against Harel Insurance Company f/k/a Zion Insurance Company Limited, Respondent."
- This action arises under the Federal Arbitration Act because the reinsurance contracts at issue evidence transactions involving commerce among the several states.

The Parties, Jurisdiction and Venue

- 3. North Star is a corporation organized and existing under the laws of the State of Delaware. Its principal place of business is at 695 East Main Street, Stamford, Connecticut 06901.
- 4. Upon information and belief, Respondent Zion Insurance Company Limited ("Zion") is a foreign corporation organized under the laws of the Israel which was subsequently acquired by Harel Insurance Company, a foreign corporation organized under the laws of Israel, with its principal place of business in Ramat Gan, Israel.
- 5. The Court has federal question jurisdiction over this matter pursuant to 28 U.S.C. §1331 and 9 U.S.C. §201-203. The arbitration agreements at issue are contained in retrocessional reinsurance contracts between North Star and Zion. Those contracts constitute commercial agreements between a citizen of the United States and a citizen of a foreign country. The United States and the foreign country, Israel, are signatories to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards, 9 U.S.C. §201 et seq.
- 6. The Court has jurisdiction over this action pursuant to 28 U.S.C. §1332 because there is diversity of citizenship between the parties and the amount in controversy exceeds the sum of \$75,000.

7. Venue is proper in this district pursuant to 28 U.S.C. \$1391 (b)(2) and 9 U.S.C. \$204 because the contracts between North Star and Zion provide for the arbitration to take place in New York with New York law to be applied and the Award was made in this District. Additionally, venue is proper under 28 U.S.C. \$1391(c) as Zion is subject to service of process in this district.

Factual Background

A. The Retrocessional Contracts and Arbitration Clauses

- 8. Reinsurance enables an insurance company to insure its liability under insurance policies that it issues to its insureds. In reinsurance, the insurer (often referred to in this context as the "cedent") transfers a portion of its liability to a reinsurer.
- 9. A retrocessional contract is reinsurance for the benefit of a reinsurer. In this context, the assuming company is sometimes referred to as the "retrocessionaire."
- 10. North Star and Zion entered into two treaties of retrocessional reinsurance (the "Contracts") under which Zion, as the retrocessionaire, provides certain reinsurance coverage to North Star. Copies of these contracts, effective July 1, 1970 through June 30, 1971, are attached to the Declaration of Joseph J. Schiavone, dated March 5, 2008 ("Schiavone Decl.") as Exhibits A and B, respectively.

- 11. The Contracts contain arbitration clauses that provide in part that any dispute arising out of the Contracts shall be referred to arbitration. Id. at Exhibit A, Article XVII; Exhibit B, Article XVII.
- 12. The Contracts further state that the decision arising from the arbitration shall be final and binding upon the contracting parties. $\underline{\text{Id.}}$

B. The Arbitration

- 13. By letter dated May 15, 2006, North Star demanded arbitration against Zion to recover amounts due under the Contracts.
- 14. At Zion's request, the parties agreed to proceed with the arbitration before Susan E. Grondine as sole Arbitrator/Umpire (the "Arbitrator/Umpire").
- 15. The arbitration was conducted pursuant to a Confidentiality Agreement, which remains in effect. Schiavone Decl. at Exhibit C.
- 16. Upon North Star's motion, the Arbitrator/Umpire issued an Interim Ruling requiring Zion to post pre-hearing security in the amount of \$172,470.
- 17. Following discovery, the parties submitted pre-hearing briefs and attended an arbitration hearing on March 5, 2007.
- 18. The Arbitrator/Umpire issued a Final Award on April 4, 2007 ordering Zion to pay a total of \$224,615.24, consisting of

outstanding claim balances, interest on the outstanding balances and costs for bringing the arbitration. Schiavone Decl. at Exhibit D.

- 19. Zion was also ordered to post and maintain security for its share of North Star's reserves on a prospective basis.

 Id.
- 20. The Final Award specified that the contracts remained in full force and Zion had to pay all future billings within 30 days of receipt. $\underline{\text{Id.}}$
- 21. With respect to all unpaid billings, the Final Award provided that interest accrued at a rate of 9% per annum, compounded. <u>Id.</u>
- 22. By letter of April 16, 2007, North Star informed Zion that Zion's share of the reserves as of that date was \$33,992.
- 23. By E-mail dated May 7, 2007, Zion's counsel indicated that Zion had not made payment by the May 4, 2007 deadline, offering no explanation or reasoning.
- 24. By letter of June 20, 2007, North Star wrote the Arbitrator/Umpire notifying her of Zion's disregard of the Final Award and requesting relief in the form of a Supplemental Final Award.

- 25. The Arbitrator/Umpire elected not to issue the proposed Supplemental Final Award due to lack of jurisdiction over matters subsequent to the Final Award.
- 26. North Star has drawn down the pre-hearing security posted by Zion, but pursuant to the Final Award, is still owed an additional balance and interest thereon since the date of the Final Award, totaling \$69,262.24. Schiavone Decl. at Exhibit E. Zion is also required to post \$25,433 in security for its share of North Star's reserves for losses on a prospective basis. Id.

Count I

- 27. North Star incorporates each of the allegations contained in paragraphs 1 through 15 of this Petition.
- 28. No grounds exist to vacate or modify the Award nor was any motion made to vacate, modify, or correct the Award within the three month limitation proscribed by 9 U.S.C. §12.
- 29. This Petition is timely because it is filed within one year after the Award was made.
- 30. North Star is entitled to confirmation of the April 4, 2007 Final Award pursuant to the Federal Arbitration Act, 9 U.S.C. §1 et seq. and 9 U.S.C. §§201 et seq.

WHEREFORE, North Star requests that the Court enter judgment confirming the April 4, 2007 Final Award and granting North Star post-award interest and such other further relief as is just and proper.

Dated: March 5, 2008

Short Hills, New Jersey

BUDD LARNER, P.C. 11 Penn Plaza - 5th Floor New York, New York 10001 (212) 946-2798

- and -

150 John F. Kennedy Parkway Short Hills, New Jersey 07078 (973) 379-4800

Attorneys for Petitioner North Star Reinsurance Corporation

BY: (

Jøseph J. Schiavone (JS 7303)

655730.W

EXHIBIT E

UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF NEW YORK

North Star Reinsurance Corporation,

08 Civ. 02380

CLERK'S CERTIFICATE

- against -

Harel Insurance Company f/k/a Zion Insurance Company Limited

I, J. MICHAEL MCMAHON, Clerk of the United States District Court for the Southern District of New York, do hereby certify that this action commenced on March 7, 2008 with the filing of a summons, a copy of the summons was served on defendant by serving Mendes and Mount, 750 7th Avenue, New York, New York, by hand delivery of Melvin Westreich to the mail room on March 10, 2008, and proof of such service thereof was filed on March 17, 2008.

I further certify that the docket entries indicate that the defendant has not filed an answer or otherwise moved with respect to the petition herein. The default of the defendant is hereby noted.

Dated: New York, New York

J. MICHAEL MCMAHON
Clerk of the Court

Deputy Clerk